

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 03 PRETORIA 000453

SIPDIS

SENSITIVE BUT UNCLASSIFIED

STATE FOR AF/EPS/SDRIANO, EB/EPPD, E/APENCE

E.O. 12958: N/A

TAGS: [EAID](#) [ETRD](#) [EFIN](#) [XA](#) [SF](#)

SUBJECT: READOUT OF THE JANUARY 17-18 MEETING OF THE BLAIR COMMISSION FOR AFRICA

(U) This cable is sensitive but unclassified. Please handle accordingly; not for Internet distribution.

1. (SBU) Summary. At a January 17-18 meeting in Cape Town, seventeen African ministers of finance grouped with members of the Blair Commission for Africa to consult on the Commission's report due February. Chancellor of the Exchequer Gordon Brown attended the event as the last stop in a six-day tour of Africa (including Kenya, Tanzania, Mozambique, and culminating in South Africa). The Commission for Africa and consulting ministers issued a communique that called for the doubling of official development assistance (ODA), 100% debt service relief, special and differential trade for African countries, the creation of an International Financing Facility (IFF), and for rich countries to commit to Millennium Goals target of 0.7% of Gross National Income for official development assistance. Both Brown and South African Finance Minister Trevor Manuel delivered speeches to open the meeting. End Summary.

2. (SBU) Sixteen African finance ministers joined eight of seventeen Blair Commissioners for Africa and selected others to consult on the Commission's report due in February during a two-day meeting in Cape Town on January 17-18. Participants included:

- Abdelatif Benachenou, Finance Minister, Algeria
- Luisa Dias Diogo, Prime Minister and Finance Minister, Mozambique
- Sogue Diarisso, Finance Minister, Senegal
- El Zubair Ahmed El Hassan, Finance Minister, Sudan
- Donald Kaberuka, Finance Minister, Rwanda
- Khushhal Khushiram, Finance Minister, Mauritius
- Goodall E. Gondwe, Finance Minister, Malawi
- Michel Meva'a Meboutou, Finance Minister, Cameroon
- David Mwiraria, Finance Minister, Kenya
- Celestin Bayohgha Nembe, Deputy Finance Minister, Gabon
- Ngozi Okonjo-Iweala, Finance Minister, Nigeria
- Timothy Thahane, Finance Minister, Lesotho
- Abou-Bakar Traore, Finance Minister, Mali
- Minister Mekonnen, Advisor to the Prime Minister, Ethiopia
- Trevor Manuel, Commissioner and Finance Minister, South Africa
- Gordon Brown, Commissioner and Chancellor of the Exchequer, U.K.
- Paul Boothe, on behalf of Ralph Goodale, Commissioner and Finance Minister, Canada
- Linah Mohohlo, Commissioner and Central Bank Governor, Botswana
- Fola Adelo, Commissioner and Chairman of Nigeria's FATE Foundation
- William Kalema, Commissioner and Chairman of the Uganda Investment Authority
- K.Y. Amoako, Commissioner and Executive Secretary of the Economic Commission for Commission (UN)
- Anna Tibaijuka, Commissioner and Executive Director of UN HABITAT
- Koosum Kalyan, Shell International, Business
- Mass Lo, LEAD, Civil Society
- T.F. Nkodo, Vice President, African Development Bank
- Wiseman Nkuhlu, NEPAD Steering Committee Chairman

Influential Commissioners such as former Senator Nancy Kassebaum, British Secretary of State for International Development Hillary Benn, and French President Chirac's Personal Representative for Africa Michel Camdessus did not attend the meeting.

3. (SBU) By all accounts, the consultation came off without a hitch. British High Commission First Secretary Andrew Millar, who attended much of the meeting, reported to Econoff that "there was little of the cynicism that dogged other consultations." Major events included a forward leaning keynote speech from Chancellor Brown, and an opening address by South Africa Finance Minister and Blair Commissioner

Trevor Manuel.

#### Brown Calls for Aid, Trade, and Debt Relief

14. (U) In his speech to African finance ministers, Chancellor Brown called on developed countries to provide more aid, more trade, and more debt relief. Noting that 80% of Africa's external debt was now held by international financial institutions (IFI), Brown said that he had already discussed detailed proposals with participating finance ministers and commissioners to use IMF gold to write off IFI debt. Brown also called for a doubling of aid to Africa, the creation of an "International Financing Facility" to raise \$100 billion in official development assistance, of which \$10 billion would go to primary education and \$20 billion to infrastructure. Brown also said, "Let the Commission for Africa also be the first official report to call for trade justice." He further declared that the Commission for Africa saw its task as mobilizing donor support for NEPAD, the African Union, and African country development programs.

#### Manuel Builds on Monterrey

15. (U) In his opening speech, South African Finance Minister Trevor Manuel was upbeat in his assessment of Africa. He claimed that Africa was strengthening its regional economic institutions to fulfill the role assigned to them by NEPAD. Africa had more democracy, fewer conflicts, more stable economies, and more growth now than ten years ago. As a consequence, investment flows were improving. He cited World Bank studies concluding that Africa's absorptive capacity had improved. Development partners, he said, should support Africa by ensuring that official and private finance was sufficient to fund national development programs. Referring several times to the Monterrey Consensus, Manuel said that the international community had arrived at a basis for partnership. While the Monterrey Consensus had offered strong principles, however, it had not offered much action. He lamented the fact that the Paris Club provided more debt relief to Iraq in one day than it had to all Heavily Indebted Poor Countries (HIPC) combined. Manuel also spoke to role of domestic financing strategies, policy reform, and taking advantage of trade opportunities. He said that African finance ministers should see the Commission for Africa as an opportunity to voice specifics as to what would move WTO negotiations along as well as create economic benefits for Africa.

#### The Communiqué

16. (U) At the close of the meeting, the consultative group issued a communiqué. It stressed the need for urgent action and welcomed the Commission's broad approach, which included peace and security, governance, human development and inclusion, voice and accountability, and the economic issues of growth and poverty reduction, trade, and financing development. The communiqué supported the Commission's call for an infrastructure financing facility to fund NEPAD and other infrastructure plans. It also said that in July G-8 Summit leaders should commit to specific, monitorable, and time bound agreements in the build up to the UN Millennium Summit in September. The communiqué urged the G-8 to begin immediately and, in particular, for G-7 Finance Ministers to reach agreement on 100% multilateral debt relief at their February 4 meeting in London.

17. (U) The communiqué declared that the Blair Commission should call for at least a doubling of foreign aid, arguing that Africa's capacity to absorb aid had substantially increased. The group welcomed the idea of an "International Financing Facility" as the most advanced and technically feasible of the proposals to provide more aid, and encouraged the examination of special levies and international taxes as possible sources. Ministers felt that more aid should be delivered to Africa in the form of budget support and grants, and that it should be more predictable, longer-term, and better coordinated to support country development plans. Policy conditionality should be improved, with greater focus on building accountability to Africa's citizens. Further, donor countries should set timetables to meet the 0.7% ODA/GNI target as promised in the Millennium Development Goals.

18. (U) The communiqué urged the Commission to propose a 100% multilateral debt service relief for HIPC -- and other -- countries, and for such relief to be shaped by development needs and levels of poverty rather than by "the narrow consideration of export to debt ratios." In addition, special needs of post conflict countries and middle-income indebted countries ought to be considered.

19. (U) On trade, the communiqué demanded that the Doha Development Agenda WTO negotiations afford African countries better access to the markets of rich countries. The communiqué encouraged the Commission to make specific and time related proposals for action by rich countries to break

down their barriers and end their subsidies, particularly in agriculture. Africa would require "Special and Differential Treatment" and transitional assistance to help it compete in the global economy, including fiscal reform. During this period, the communique said, preferential access must work better and nontariff barriers, including rules of origin restrictions, reduced. Help must be provided to meet barriers such as international health and safety standards.

#### Press Coverage

10. (U) The event garnered good press coverage by South African media. This included a radio interview with Nick Sterne, Blair Commission for Africa Director for Policy and former World Bank Senior Economist. During the interview, Sterne commented that Europeans had already agreed that the "injustices of the existing trading system" needed to be redressed. Further, he said that Britain was looking to provide 100% debt service relief wherever possible. In answer to a leading question as to whether countries like Equatorial Guinea should qualify, Sterne replied that the "net should be cast as wide as possible," even to countries that might not meet HIPC standards. Sterne confirmed that the Blair Commission for Africa Report would be made final at the third and final Commission meeting, chaired by PM Blair, on February 24, and then published by the end of February or beginning of March. He said that the three-month period to follow would be important to gather momentum for the G-8 Summit at Gleneagles Scotland.

11. (U) In her press conference with foreign journalists on January 27, British High Commissioner Ann Grant picked up on Sterne's theme. She said that while Britain was under no illusion that it could deliver the G-8 on all Commission for Africa recommendations, PM Blair would lobby for the maximum acceptance of Commission recommendations in the three months leading up to the G-8 Summit at Gleneagles, Scotland. Grant also said that Nelson Mandela had agreed to meet with G-7 finance ministers in support of the Commission's work and was flying to London. The G-7 ministers meet in London on February 4.

#### On the Margins

12. (SBU) In a briefing to G-8 diplomats in Pretoria on January 28, Grant said that G-8 countries needed "to make a concerted push on trade, aid, and debt issues" in consultation with NEPAD and the African Union. She said that both the G-8 and the EU had a heavy set of commitments, in addition to British priorities on Africa and climate change, so it was important to take advantage of "unprecedented coincidence of opportunities for cooperation," including the UN Millennium Summit in September and the Asian-African Summit in Indonesia in April.

13. (SBU) On the margins of the Cape Town event, Finance Minister Manuel commented to reporters that while South Africa supported the revaluation of IMF gold to pay for debt relief, it would want to be represented in the decision making process to make sure that much of it would go for African debt relief. This comment to the press evoked some surprise at the National Treasury in Pretoria, which had not vetted the minister's statement.

FRAZER